



# MEMORANDUM



To: Members of the Senate Committee on Commerce

From: Michigan Association of School Boards  
Michigan Education Association  
Middle Cities Education Association  
Michigan Association of School Administrators  
Michigan Association of Intermediate School Administrators  
AFT Michigan  
Michigan Elementary and Middle School Principals Association  
Michigan Association of Secondary School Principals

RE: Opposition to Senate Bills 369-370

Date: June 17, 2015

We write today in opposition to Senate Bills 369-370 which would extend the industrial processing exemption in the sales and use tax acts to personal property used to manufacture alcoholic liquor sold at a manufacturer's location. These bills will have a negative effect on the sales and use tax revenue streams for the School Aid Fund.

Our concerns lie in the bigger picture. While these particular bills are only a small decrease to the SAF, when added to the many other policies passed in recent years, revenue streams to the School Aid Fund continue to be eroded.

Last session seven new laws were signed that totaled over \$160 million in cuts to SAF revenue. There were 13 other laws signed that each had an indeterminate negative effect on local property tax and School Aid Fund revenue.

This session, committees in the Senate have passed bills that cut at least \$82 million annually and two bills for which the negative effect is indeterminate.

We urge you to look very closely at this bill and similar ones and the collateral damage they have over time. Our schools will continue to see cuts if the school aid fund does not receive the revenue necessary to support our students and communities.

We urge you to oppose these bills until the SAF is held harmless by the cuts proposed.

If you have any questions, please feel free to contact any of us in the education community listed.

Legislation passed by the **Senate Committees** since January 2015 that affect the School Aid Fund or local property tax revenue (does not include bills that had hearings but no votes, or bills passed by the House). All figures are based on a Senate or House Fiscal Agency analysis.

**Finance:**

SB6 – expand property tax exemption for disabled veterans to joint tenancy

**Amount of loss unknown**

SB10-11 – accelerate the elimination of the sales and use taxes on the difference between the value of a trade-in and a new vehicle.

**\$16.2 Million loss to SAF in first year**

SB24 – exempt inherited property from school operating mills for up to two years

**Amount of loss unknown**

SB81 - eliminate the requirement to pay school operating mills on foreclosed properties

**\$15-25 Million loss to SAF**

SB82-83 – eliminate sales and use taxes on prewritten software

**\$51 Million loss to SAF**

SB171 – modify effective date of property tax exemption filings for elderly/disabled

**Amount of loss unknown**

HB4173 – modify exemptions to the real estate transfer tax

**Amount of loss unknown**

**Natural Resources:**

SB217 – modify definition of qualified forest to exempt from property tax

**Amount of loss unknown**

**These few bills total a minimum loss to the SAF of \$82.2 million annually.**

5 bills have an unknown negative fiscal impact.